

## **METHODOLOGICAL NOTES**

### **AVERAGE PRICES AND PURCHASED QUANTITIES OF MAIN FOODS AND NON-FOODS AND PURCHASING POWER**

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The variables Average Prices and Purchased Quantities of Main Foods and Non-foods are estimated based on the information from HBS. From 1.08.2002 to 2009 the sample size is 3000. Data are by months and by years. Since 2010 the number of observed households is 3060 per quarter. Data are by years.

The samples for the different years are formed from the overall number of the households in Bulgaria. For the formation of the sample is implemented a two stage random selection on territorial principle:

1. At the first stage the enumeration areas are selected using the lists compiled for Population and Housing Census in 2011.
2. At the second stage the 6 households to be surveyed in the selected clusters are identified.

In accordance with the implemented methodology for surveying the household budgets, information is received for the purchased quantities of explicitly defined goods (foods and non-foods) and the expenditures made for this.

The purchased quantities main foods are computed average per household and the purchased main non-foods - average per 100 households since the frequency of their purchasing and registering is comparatively lower.

The positions for the foods and non-foods are defined according to the principle of homogeneity, which allows on the basis of the information for the purchased quantities and their cost to correctly compute average prices as weighted arithmetical averages.

The average prices are computed according to data from the household budgets survey and they differ considerably from the average consumer prices published monthly by the NSI which are derived on the basis of the survey of a sample of retail shops in selected areas (centers of districts) with a precisely defined nomenclature of goods. The differences between the two surveys can be summarized as follows:

- The households get the goods in the retail shops in the area where they live.
- The households purchase goods and things from persons who are not officially engaged with retailing.
- The households purchase second hand goods (e.g. TV sets, refrigerators, etc.), which are not sold in retail shops and are predominantly an act of purchasing between private persons.
- The place of the exchange may be a state, private or cooperative retail shop, a market of private producers and other accidental places where goods are offered for sale.
- The purchases are accomplished only by the surveyed regular households living on the territory of the country. The purchases effected by institutional

households, institutions, enterprises, firms and foreigners visiting the country are excluded.

- Data for the some kinds of goods are not included because of their low frequency or purchasing and this is valid also for goods for which in the household budgets survey only the cost is registered and not the physical measure.

In 2001 a new classification of the household expenditures was introduced. It is coordinated with the international classification COICOP.

#### PURCHASING POWER

The existing relation between incomes and prices can be estimated by the indicator "purchasing power". It represents the quantity of one kind of good that can be bought with the monetary or total average per household member income during the respective year if this income is spent only for this.

The changes of purchasing power are calculated for a specific period based on a given year.

When using the data one should have in mind the fact they are burdened with a certain stochastic error due to the sample character of the survey.

Source: National Statistical Institute

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